

# SUMMARY ANALYSIS OF AMENDED BILL

## Franchise Tax Board

Author: Ortiz Analyst: Roger Lackey Bill Number: SB 887

Related Bills: See Prior Analysis Telephone: 845-3627 Amended Date: 09-03-99

Attorney: Patrick Kusiak Sponsor:

**SUBJECT:** FTB Permit The Director Of The Department Of Social Services To Inspect Returns Of Group Home Licenses

- ☒ DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as amended July 12, 1999.
- ☐ AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.
- ☐ AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended \_\_\_\_\_.
- ☐ FURTHER AMENDMENTS NECESSARY.
- ☒ DEPARTMENT POSITION CHANGED TO pending.
- ☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED July 12, 1999 STILL APPLIES.
- ☐ OTHER - See comments below.

### SUMMARY OF BILL

This bill would require the Franchise Tax Board (FTB) to permit the Director of Social Services to inspect the income tax returns of a group home licensee who has been determined by the Director of Social Service, based on reasonable suspicion, to have committed fraud that can be validated by specific and identified tax information regarding the group home licensee.

This analysis will not address the bill's other changes regarding group home providers, as they do not impact the FTB.

### SUMMARY OF AMENDMENT

The September 3, 1999, amendment made technical changes to the provisions relating to members of a group home board of directors. These changes would not impact the department's programs and operations.

The August 30, 1999, amendment incorporated the amendment in the department's analysis of SB 887, as amended May 6, 1999, which revised the language relating to the FTB providing tax return information regarding group home licensees to the Director of Social Services. As a result of the amendment, the first three policy considerations in the department's analysis of SB 887, as amended May 6, 1999, no longer apply. The remaining policy consideration is provided below.

In addition, as a result of the August 30, 1999, amendment and the resolution of three of the department's policy concerns, the Board is no longer opposed to this bill. The Board's new position is pending.

The August 30, 1999, amendment also made changes regarding the development of regulations for group home providers and annual audit programs. These changes would not impact the department's programs and operations.

Board Position:			Legislative Director	Date
<input type="checkbox"/> S	<input type="checkbox"/> NA	<input type="checkbox"/> NP		
<input type="checkbox"/> SA	<input type="checkbox"/> O	<input type="checkbox"/> NAR		
<input type="checkbox"/> N	<input type="checkbox"/> OUA	<input checked="" type="checkbox"/> PENDING	Geoff Way for J. Rosas	9/10/1999

Except for the discussion above, the department's analysis of SB 887, as amended July 12, 1999, still applies.

Policy consideration

The bill contemplates referral of allegations of fraud by group home providers to a unit within the Office of the Attorney General (AG) for further investigation and prosecution. The bill does not contemplate disclosure of tax return information to the AG in connection with referral and investigations of fraud, as contemplated by the bill. The disclosure of tax return information from the Director of DSS to the Office of the AG appears to be a violation of the state's existing disclosure laws.

BOARD POSITION

Pending.

At its July 6, 1999, the Franchise Tax Board voted to take an oppose position on this bill. However, the author has taken amendments that addressed the Board's major concern, and the Board has not had an opportunity to take a position on the bill as amended.